



**CITY OF MORGAN HILL  
COMMUNITY DEVELOPMENT DEPARTMENT, PLANNING DIVISION**

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**PLANNING COMMISSIONERS**

Joseph H. Mueller, Chair	Susan Koepp-Baker, Commissioner
John Moniz, Vice Chair	John Liegl, Commissioner
Robert E. Escobar, Commissioner	Wayne Tanda, Commissioner

**PLANNING COMMISSION MEETING**

**AUGUST 10, 2010**

**CITY COUNCIL CHAMBERS  
CIVIC CENTER  
17555 PEAK AVENUE  
MORGAN HILL, CA**

**REGULAR MEETING - 7:00 P.M.**

**\*\*\* A G E N D A \*\*\***

**NOTICE TO THE PUBLIC**

*The following policies shall govern the conduct of the Planning Commission meetings:*

- *All Planning Commission proceedings are tape-recorded.*
- *Individuals wishing to address the Planning Commission on a particular item should fill out a speaker card and present it to the Secretary. This will assist the Chairperson in hearing your comments at the appropriate time.*
- *When the Chairperson invites you to address the Commission, please state your name and address at the beginning of your remarks.*
- *Speakers will be recognized to offer presentations in the following order:*
  - *Those supporting the application*
  - *Those opposing the application*
  - *Those with general concerns or comments*
  - *Presentations are limited to 5 minutes*

**DECLARATION OF POSTING OF AGENDA IN ACCORDANCE WITH  
GOVERNMENT CODE SECTION 54954.2 - SECRETARY REPORT**

## **PLANNING COMMISSION AGENDA**

**AUGUST 10, 2010**

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### **OPEN PUBLIC COMMENT PERIOD (5 MINUTES)**

Now is the time for presentation from the public on items **NOT** appearing on the agenda that are within the Planning Commission's jurisdiction. Should your comments require Commission action, your request will be placed on the next appropriate agenda. No Commission discussion or action may be taken until your item appears on a future agenda. You may contact the Planning Division for specific time and dates. This procedure is in compliance with the California Public Meeting Law (Brown Act) G.C. 54950.5. Please limit your comments to five (5) minutes.

### **ORDERS OF THE DAY**

**MINUTES:** The Draft Minutes for the July 27, 2010 meeting will be included in the next Planning Commission Meeting Packet.

### **CONTINUED PUBLIC HEARING:**

1) 5 Minutes **USE PERMIT, UP-10-03: JACKSON OAKS-PRESCHOOL**

**Recommendation:** Adopt Resolution denying application.

### **OTHER BUSINESS:**

2) 10 Minutes **AMENDMENT TO RESIDENTIAL DEVELOPMENT CONTROL SYSTEM (RDCS) IMPLEMENTATION POLICY FOR THE ON-GOING PROJECT SET-ASIDE**

**Recommendation:** Motion to approve amendment to Implementation Policy.

3) 15 Minutes **BUILDING ALLOTMENTS FOR FISCAL YEAR 2012/13 OCTOBER 2010 COMPETITION**

**Recommendation:** Adopt Resolution with recommendation to forward to City Council for approval.

4) 10 Minutes **DISCUSSION REGARDING POTENTIAL CALTRAIN SERVICE REDUCTIONS**

**Recommendation:** Motion to recommend the City Council submit comments in support of continuing Caltrain service to Morgan Hill and Gilroy.

### **THE AUGUST 24, 2010 PLANNING COMMISSION MEETING HAS BEEN CANCELLED**

### **TENTATIVE AGENDA FOR THE SEPTEMBER 14, 2010 MEETING:**

- SD-10-02: Peet-Borello
- UP-10-05: Joleen-Altamirano
- GPA-10-04/ZA-10-02/EA-10-11: E. Dunne-CVS
- DAA-06-06D: Monterey-Gunter
- SDA-04-13B/ZAA-04-16B: Barrett-Odishoo

## PLANNING COMMISSION AGENDA

AUGUST 10, 2010

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### ANNOUNCEMENTS

### CITY COUNCIL REPORTS

### ADJOURNMENT

### SPEAKER CARD

*IN ACCORDANCE WITH GOVERNMENT CODE 54953.3, IT IS NOT A REQUIREMENT TO FILL OUT A SPEAKER CARD IN ORDER TO SPEAK TO THE PLANNING COMMISSION. HOWEVER, it is very helpful to the Commission if you would fill out the Speaker Card that is available on the counter in the Council Chambers. Please fill out the card and return it to the Deputy City Clerk. As your name is called by the Chairperson, please walk to the podium and speak directly into the microphone. Clearly state your name and address and proceed to comment upon the agenda item. Please limit your remarks to three (3) minutes.*

### NOTICE

### AMERICANS WITH DISABILITY ACT (ADA)

*The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.*

*If assistance is needed regarding any item appearing on the Planning Commission agenda, please contact the Office of the City Clerk at City Hall, 17555 Peak Avenue or call 779-7259 or Hearing Impaired only - TDD 776-7381 to request accommodation.*

### NOTICE

*NOTICE IS GIVEN pursuant to Government Code Section 65009, that any challenge of any of the above agenda items in court, may be limited to raising only those issues raised by you or on your behalf at the Public Hearing described in this notice, or in written correspondence delivered to the Planning Commission at, or prior to the Public Hearing on these matters.*

### NOTICE

*The time within which judicial review must be sought of the action taken by the Planning Commission which acted upon any matter appearing on this agenda is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure.*

### NOTICE

*All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act that are distributed to a majority of the Planning Commission less than 72 hours prior to an open session, will be made available for public inspection at the Office of the City Clerk at Morgan Hill City Hall located at 17555 Peak Avenue, Morgan Hill, CA, 95037 at the same time that the public records are distributed or made available to the Planning Commission. (Pursuant to Government Code 54957.5)*

**THE DRAFT MINUTES FOR THE**

**JULY 27, 2010**

**PLANNING COMMISSION MEETING**

**WILL BE INCLUDED IN THE NEXT**

**PLANNING COMMISSION MEETING**

**PACKET.**

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**PUBLIC HEARING  
AGENDA ITEM #1**

**MEMORANDUM**

**To: PLANNING COMMISSION**

**Date: August 10, 2010**

**From: COMMUNITY DEVELOPMENT DEPARTMENT**

**Subject: CONDITIONAL USE PERMIT APPLICATION, UP 10-03: Jackson Oaks-  
Preschool**

**REQUEST**

A request for approval of a conditional use permit to locate a preschool/day care center within an existing 5,000 square foot building located at 16820 Jackson Oaks Dr.

**RECOMMENDATION** Deny application

**BACKGROUND**

On June 22 the Planning Commission considered a proposal for a 5000 sq. ft. preschool and daycare center to be located at 16820 Jackson Oaks Dr. The Commission decided to continue the application with direction to the applicant to do and provide the following:

1. Provide 1-2 different circulation scenarios.
2. Specify ways to make your preferred circulation plan better? Look at designating parking stalls for pick-up/drop off only and/or striping driveways for a clearer entry/exit strategy.
3. Provide statistics from other daycares on how many students show up and leave, at various times.
4. Develop a master schedule for each class with your director. How many hours of outdoor recess really would occur?
5. Go talk with the immediate neighbors.
6. Go to the Jackson Oaks HOA meeting introduce yourself and your business. Listen to concerns and ask for suggestions.

**DISCUSSION/RECOMMENDATION**

The applicant has not contacted staff or provided any of the requested information. The applicant has been non responsive to staff's requests and has reportedly moved from the area. Staff is recommending denial based on the applicant's failure to provide requested information, lack of action and abandonment of the application.

Attachments  
Resolution

**RESOLUTION NO.**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE  
CITY OF MORGAN HILL DENYING A CONDITIONAL USE  
PERMIT TO FOR THE OPERATION OF A DAY  
CARE/NURSERY SCHOOL AT 16820 JACKSON OAKS DRIVE  
IN THE PLANNED UNIT DEVELOPMENT ZONING DISTRICT  
(APN 729-13-031)**

**WHEREAS**, on May 18, 2010, an application for a conditional use permit to operate a daycare was received by the City of Morgan Hill, and;

**WHEREAS**, such request was considered by the Planning Commission at their meeting of June 22, 2010 at which time the Commission requested additional information and design alternatives from the applicant and continued the application to the August 10 agenda, and;

**WHEREAS**, City staff attempted to contact the applicant on June 23, 28, July 13, 19 & 29, 2010. The applicant to date has not responded or provided the requested information.

**WHEREAS**, such request was reconsidered by the Planning Commission at their meeting August 10, 2010 at which time the Planning Commission denied application UP 10-03: Jackson Oaks-Preschool, and;

**WHEREAS**, testimony received at a duly-noticed public hearing, along with exhibits and drawings and other materials have been considered in the review process.

**NOW, THEREFORE, THE MORGAN HILL PLANNING COMMISSION DOES  
RESOLVE AS FOLLOWS:**

**SECTION 1.**           The applicant for the conditional use permit has not produced the information deemed necessary to render an informed decision thus the application is considered incomplete.

**SECTION 2.**           The applicant by not returning calls or correspondence appears to have abandoned the application request.

**SECTION 3.**           Due to the lack of a complete application and the applicant's apparent abandonment of the application for the proposed conditional use, the application is denied and closed.

**PASSED AND ADOPTED THIS 10th DAY OF AUGUST, 2010 AT A REGULAR MEETING  
OF THE PLANNING COMMISSION BY THE FOLLOWING VOTE:**

**AYES:           COMMISSIONERS:  
NOES:           COMMISSIONERS:  
ABSTAIN:       COMMISSIONERS:  
ABSENT:        COMMISSIONERS:**

**ATTEST:**

**APPROVED:**

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**ELAINE J. BUCK, Deputy City Clerk**

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**JOE MUELLER, Chair**



MEMORANDUM

To: PLANNING COMMISSION

Date: August 10, 2010

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: AMENDMENT TO RDACS IMPLEMENTATION POLICY ON BUILDING  
ALLOCATIONS FOR ON-GOING PROJECTS

**BACKGROUND**

On June 8, 2010, the Planning Commission voted to recommend that a Residential Development Control System (RDACS) competition to be conducted this fiscal year. The Commission also recommended that the City Council reserve a portion of the building allotment for separate affordable, small project, micro, CC-R/CL-R zone area, multi-family rental, senior and open/market competitions. While not a competition category, set-asides have been made available in past competitions for on-going projects. Eligible on-going projects can receive a new building allotment for up to 15 dwelling units in-lieu of competing for a new allotment (See attached Council Policy). Given the current backlog of allocations, the Commission recommended the City Council suspend for one year the automatic 15-unit allotment awarded to eligible on-going projects that choose not to participate in the next competition. Should other on-going projects become eligible, the Commission could reserve additional allocations for eligible on-going projects from one or more of the other competition category set-asides. Current eligible on-going projects would have the option to compete for building allocations for FY 12/13 if desired. The City Council has asked the Commission to reconsider its recommendation and to recommend that a portion of the building allotment be reserved for current eligible on-going projects. Reconsideration of the on-going allotment is a separate item on this agenda.

To address the suspension of automatic allocations to eligible on-going projects in future RDACS competitions, it is recommended that the attached City Council CP-09-03 be amended as follows:



### Allocation for On-going Projects

The City Council reserves a portion of the annual building allocation for on-going projects. These are projects that have competed previously and are partially built out. To be eligible, the earlier phases of an on-going development must be in compliance with the development schedule approved for the project and must have completed a phase or at least pulled 50 percent of the building permits for a phase.

The following exceptions are allowed:

If a project is delayed due to extended city or other governmental agency processing.

If RDCS competitions occur annually, a project which has completed all planning entitlements (Zoning, Tentative Map, Development Agreement, Site Review) within one year of receiving allocations may be eligible as an on-going project only for the following year.

On-going projects may receive up to 15 building allotments each fiscal year outside of the RDCS competition process. The portion of the building allotment awarded to on-going projects is subtracted from the limited allotment for that fiscal year. For on-going projects awarded a building allotment in a corresponding Fiscal Year, the total allocation, including units from this set-aside, will not exceed 15 units. An on-going project may receive additional allocations (more than 15 units) through the competitive process in the RDCS competition. The allocation for on-going projects will be distributed at the same time the allocation for the Open/Market competition is awarded. Any unused on-going set-aside allocation may be distributed to eligible projects in the other set-aside categories.

*The City Council may suspend the automatic 15-unit allotment awarded to an eligible on-going project for one fiscal year, or the City Council may reserve less than a 15-unit allotment when an eligible on-going project has 45 or more unused building allocations received from automatic on-going project distributions awarded over three or more fiscal years.*

### RECOMMENDATION

Approve a motion that the above policy amendment, shown in ***bold italic*** be recommended to the City Council for approval.

Attachments: Council Policy CP-09-03 Regarding allocations for on-going projects.

# CITY OF MORGAN HILL

## CITY COUNCIL POLICIES AND PROCEDURES

CP-09-03

SUBJECT: ALLOCATIONS FOR ON-GOING PROJECTS

EFFECTIVE DATE: OCTOBER 22, 2009

ORIGINATING DEPARTMENT: COMMUNITY DEVELOPMENT DEPARTMENT

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### Allocation for On-going Projects

The City Council reserves a portion of the annual building allocation for on-going projects. These are projects that have competed previously and are partially built out. To be eligible, the earlier phases of an on-going development must be in compliance with the development schedule approved for the project and must have completed a phase or at least pulled 50 percent of the building permits for a phase.

The following exceptions are allowed:

If a project is delayed due to extended city or other governmental agency processing.

If RDSCS competitions occur annually, a project which has completed all planning entitlements (Zoning, Tentative Map, Development Agreement, Site Review) within one year of receiving allocations may be eligible as an on-going project only for the following year.

On-going projects may receive up to 15 building allotments each fiscal year outside of the RDSCS competition process. The portion of the building allotment awarded to on-going projects is subtracted from the limited allotment for that fiscal year. For on-going projects awarded a building allotment in a corresponding Fiscal Year, the total allocation, including units from this set-aside, will not exceed 15 units. An on-going project may receive additional allocations (more than 15 units) through the competitive process in the RDSCS competition. The allocation for on-going projects will be distributed at the same time the allocation for the Open/Market competition is awarded. Any unused on-going set-aside allocation may be distributed to eligible projects in the other set-aside categories.

APPROVED:



STEVE TATE, MAYOR

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MEMORANDUM

To: PLANNING COMMISSION

Date: August 10, 2010

From: COMMUNITY DEVELOPMENT DEPARTMENT

Subject: BUILDING ALLOTMENT FOR FISCAL YEAR 2012/13  
OCTOBER 2010 COMPETITION

**BACKGROUND/REQUEST**

The Community Development Department is requesting Planning Commission and City Council determination of the available building allotment for the next Residential Development Control System (RDCS) competition. Also requested is approval to reserve a portion of the building allotment for separate affordable, small project, micro, CC-R/CL-R zone area, multi-family rental, senior and open/market competitions.

On July 21, 2010, the City Council considered the Commission's recommendation to authorize an RDCS competition with October 1, 2010 as the filing deadline. See attached June 8 Planning Commission memorandum for the recommended distribution by competition categories. Given the current backlog of building allocations, the Commission recommended the City Council suspend for one year the automatic 15-unit building allotment awarded to on-going projects. Eligible on-going projects would have the option to compete for additional allotments for FY 12/13 if desired. At the July 21 meeting, the developer of one of the two eligible on-going projects, Mr. Richard Oliver with Dividend Homes, requested the Council modify the Commission's recommendation and reserve seven building allotments under the on-going allotment category for his Mission Ranch development. Mr. Oliver explained that he has a contractual obligation with the property owner to apply for building allocations through the competition process if the automatic on-going allotment was not available. A partial allocation of seven units was sufficient to enable Mr. Oliver to forgo the expense of having to compete. A representative for the other eligible on-going project, Madrone Plaza, was not present at the Council meeting. In response to Mr. Oliver's request, staff recommended the City Council refer this matter to the Planning Commission to consider possible set-asides for Mission Ranch and Madrone Plaza on-going projects.

To give equal consideration to both on-going projects, staff recommends the Commission reserve 15 allotments under the on-going set-aside with seven of the allotments reserved for the Mission Ranch project and eight allotments reserved for Madrone Plaza. To provide for the 15-unit on-going set-aside, staff recommends 10 units come out of the open/market category and five units come from the CC-R/CL-R zone category.

Staff recommends adoption of the attached Resolution incorporating the above recommendations for approval by the City Council.

Attachments:

1. June 8, 2010 Planning Commission Report
2. List of On-going Projects and Anticipated Eligibility for "On-going" Award of Allotments
3. Approval Resolution

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## **RESOLUTION NO.**

### **A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL RECOMMENDING HOUSING TYPE DISTRIBUTION AND TERM FOR THE RESIDENTIAL DEVELOPMENT CONTROL SYSTEM COMPETITION TO BE CONDUCTED DURING FISCAL YEAR 2010-2011.**

**WHEREAS**, a building allotment under the City's Residential Development Control System would be available in the 2012-13 fiscal year; and

**WHEREAS**, in the month of June, preceding an allotment year, the Planning Commission is required to provide recommendations to the City Council regarding the total number and distribution of building allotments; and

**WHEREAS**, the Planning Commission has reviewed recommendations contained in the June 8, 2010 staff report on this item, and has determined that the total number and recommended distribution of building allotment contained therein, as amended, is consistent with the General Plan and the City Code requirements under Chapter 18.78 of the Morgan Hill Municipal Code; and

**WHEREAS**, testimony received at the June 8 and August 10, 2010 public meetings have also been considered in the review process;

### **NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF MORGAN HILL THAT:**

**SECTION 1:** Pursuant to Sections 18.78.030 and 18.78.184 of the Morgan Hill Municipal Code, the Planning Commission recommends the City Council authorize a Residential Development Control System (RDCS) competition to be conducted during the next fiscal year.

**SECTION 2:** Pursuant to Section 18.78.030 (C) of the Municipal Code, the Commission recommends:

A. A portion of the building allocation shall be reserved for affordable, micro, small project, multi-family rental, CC-R and CL-R zone areas, senior and open/market competitions as outlined in the attached Exhibit "A."

B. The distribution of allotment as set forth in Exhibit "A" may be adjusted by the Planning Commission as deemed necessary to respond to changes in the housing market (change in the build-out rate for existing projects, increase demand for particular housing types, etc.).

C. The distribution of allotment by housing type and number of dwelling units may be modified by the Planning Commission at time of award of allotment based on demand for a particular unit type provided that no less than 33 percent of the allotment is awarded to single-family dwellings.

D. The RDCS competition recommended by this Resolution shall be for the purpose of awarding the Fiscal Year 2012-13 allotment. The Planning Commission may, on a case-by-case basis, consider a limited allocation into FY 2013-14 as needed to complete a project.

**SECTION 3:** The Planning Commission recommends that the filing deadline for the competitions be October 1, 2010. This deadline applies to all competitions, including the affordable and micro competitions.

**PASSED AND ADOPTED THIS 10<sup>th</sup> DAY OF AUGUST 2010, AT A REGULAR MEETING OF THE MORGAN HILL PLANNING COMMISSION BY THE FOLLOWING VOTE:**

**AYES: COMMISSIONERS:**

**NOES: COMMISSIONERS:**

**ABSTAIN: COMMISSIONERS:**

**ABSENT: COMMISSIONERS:**

**ATTEST:**

**APPROVED:**

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**Elaine Buck, Deputy City Clerk**

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**Joseph H. Mueller, Chair**

## Exhibit A

Fiscal Year 2012/13

<u>Competition Category</u>	<u>Allotment</u>
On-going Projects	<del>0</del> 15
Affordable Set-aside	35
Micro Projects	6
Small Projects	10
Multi-Family Rental	30
Open/Market	<del>66</del> 56
Senior Housing	30
CC-R and CL-R Zoning Area Projects	<del>20</del> 15
Total	197



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## MEMORANDUM

**To: PLANNING COMMISSION**

**Date: June 8, 2010**

**From: COMMUNITY DEVELOPMENT DEPARTMENT**

**Subject: BUILDING ALLOTMENT FOR FISCAL YEAR 2012/13  
OCTOBER 2010 COMPETITION**

### REQUEST

The Community Development Department is requesting Planning Commission and City Council determination of the available building allotment for the next Residential Development Control System (RDCS) competition. Also requested is approval to reserve a portion of the building allotment for separate affordable, small project, micro, CC-R/CL-R zone area, multi-family rental, senior and open/market competitions.

### RECOMMENDATION

Adopt Resolution with the following recommendations for approval by the City Council:

1. Recommend the City Council authorize a RDCS competition to be conducted during the upcoming fiscal year.
2. Recommend a one fiscal year competition, provided however; a portion of the building allotment may be extended into a second fiscal year to complete projects.
3. Recommend the City Council reserve a portion of the building allocation for separate affordable, small project, micro, CC-R/CL-R zone area, multi-family rental, senior and open/market competitions as outlined in the following sections of this report.
4. Recommend the City Council suspend for one year the automatic 15-unit allotment awarded to on-going projects that choose not to participate in the next competition or fail to score high enough to secure a greater allotment.

## TOTAL BUILDING ALLOTMENT

Under Section 18.78.030 B of the RDCS Ordinance, the number of residential building allotments shall be determined biennially using the California Department of Finance's (DOF) most recently determined persons per household figures and population for the City of Morgan Hill.

The RDCS also requires the DOF population estimate to be adjusted for any relevant housing backlog not included in its population estimate, the population of any Existing County Subdivision enumerated in paragraph 18.78.030A of the RDCS Ordinance that has been annexed, and any other quantifiable factor that improves the accuracy of the estimate. The adjusted population is then subtracted from the year 2020 RDCS population cap of 48,000, the result divided by the Department of Finance's most recently determined figure for persons per household in Morgan Hill, and then divided by the number of years remaining between that population estimate date and 2020. This gross annual allotment number is then reduced for any fiscal year by its previously awarded allotments (awarded in prior years) and the number of exempt units anticipated for that fiscal year.

The most recent DOF estimates were released on April 29, 2010. The population for Morgan Hill, as of January 1, 2010 is 40,246. The average number of persons per household is 3.131. The City has a backlog of 552 dwelling units not included in the DOF most recent population estimates, however the estimate includes 47 homes that were annexed to the City in 2006 in the El Dorado III neighborhood. This figure would add 1728 persons to the City's population. Under Section 18.78.030A of the RDCS Ordinance, the 47 annexed dwelling units and neighborhood population do not count in the population estimate. The population from these 47 dwellings, 147 residents, is subtracted from the 1728 figure resulting in an adjusted population of 41,827.

### Other Considerations:

The population could also be adjusted based upon downtown units having fewer persons per household. Assuming the 1 and 2 bedroom units in the recently approved Downtown Competition projects will have one fewer person per household; a combined 190, 1 and 2 bedroom units would have 190 fewer persons. In addition, the recently approved 49 unit Central – Urban Housing project and the 40 unit Diana - EAH project will be built as affordable senior projects. According to Census data, senior housing has an average of 1.6 persons per household resulting in 137 fewer persons. The combined 327-person population adjustment would add 6 units to the total allotment.

### Measure A Exempt Projects

In May 2009, the voters approved Measure A, exempting up to 500 dwelling units in a 20-block area in the Downtown from the RDCS. Although exempt from the RDCS, the resulting population from the 500 units will count against the 48,000 population cap in the year 2020. The City is in negotiation with a developer to construct 70, 1 and 2 bedroom units on two of the RDA

owned properties in the Downtown, Sixty units on Site A and another 10 units on Site B. Staff recommends the total building allotment be adjusted to account for the population from these 70 units; 149 residents.

Using the above formula, the total allotment would be the adjusted 1/1/10 population of 40,246 plus 1581-327+ 149 persons equals 41,649. This equals an annual allotment of 48,000 – 41,649 divided by 10 (to year 2020) divided by 3.131 persons per house hold equals **203** units per year. From this total six units need to be subtracted to account for the one dwelling unit exempt developments that are built each year. This equals **197** units per year.

It is recommended that we use population adjustments due to annexation and fewer persons per household in the downtown for a total adjusted allotment of **197** units for Fiscal Year 2012-13 and 2013-14.

### **CONSIDERATIONS REGARDING FALL 2010 RDCS COMPETITION**

As shown on the attached Approved Distribution of Building Allotment Chart, currently there are 1,210 building allocations awarded to projects through FY 2011-12. Because of the depressed housing market, applicants for many of these projects have requested and received three- and four- year extensions of their FY allotment, resulting in 72 units originally allocated through FY 2011-12 now having been extended into FY 2012-13. If a RDCS competition is held in October 2010, up to 197 additional building allocations would be added to the FY 2012-13 total.

While there is a significant backlog of over 1,200 allocated units, the City Attorney has advised that not holding a competition is not an option and that the FY 2012-13 allotment must be awarded. The Planning Commission however, could choose to conduct competitions in set-aside categories only to address specific housing needs. For example micro, small, multi-family rental, senior housing, downtown housing outside the Measure “A” 20-block area, and affordable housing types would address certain housing needs. No applications were filed last RDCS competition for affordable projects. To be consistent with the General Plan, a minimum of 20 percent of the annual building allotment should be made available for a separate affordable projects competition.

### **CONSIDERATION OF POSSIBLE SET-ASIDE CATEGORIES**

Under Section 18.78.030 C of the RDCS Ordinance, the number of allotments shall be divided between conventional single-family dwellings, mobile homes and multi-family dwellings in a manner determined by the City Council; provided that no less than 33 percent of all allotments shall be awarded to single-family dwellings. The number of affordable/elderly dwelling units shall be assigned in a manner consistent with state law for the total number of allotments assigned for that year. The Council may, if it chooses, further divide the allotments according to geography, price, development size, phasing, including the number of units and timing of allotments required to complete a project, and similar criteria as deemed necessary to provide for the general welfare.

In implementing the RDCS, the City Council has in the past divided the building allotment under the various set-aside categories. Categories that have been used in the past are described below:

- Micro Project, projects with 6 or fewer units at build out.
- Custom Lot Subdivisions, projects where a developer completes the off-site street and utility improvements. The improved lots are then sold to persons to construct a custom built home on the improved lot within a two year period.
- Small Projects, projects with a minimum of 7 units and maximum of 15 units at build out.
- Small Vertical Mixed Use, projects of up to 15 units with a mix of retail, office and residential allowed in mixed use districts typically in the Downtown, or mixed use districts such as CC-R or the CL-R along Monterey Road between Dunne and Tennant.
- Affordable, projects of any size with 75 percent of the units affordable to very low, low and median households and up to 25 percent of the units can be sold at market rates. Applicants under this set-aside are typically non-profit agencies such as EAH or South County Housing.
- Multi-family Rental, projects of any size providing market rate rental housing, typically apartments or other permanent rental housing. To be consistent with the General Plan, an average of 20 percent of all new housing allocations should be designated for multi-family units and a minimum of 30 percent of new multi-family units should be rentals. Given our low apartment vacancy rate, around 2 percent, there continues to be a market demand for new multi-family rental housing.
- Open/Market Rate, projects of any size although most projects in this competition category average around 60 units. Dwelling units can be sold at market rates typically to moderate and above moderate income households. Applicants can receive maximum points under the RDCS Housing Needs evaluation criteria for a commitment to make available 10 percent of the units to be sold at below market rates with 5 percent of the units sold to low income households and 5 percent sold to median income households.
- Senior Housing, projects for persons 55 and older. Particularly in the past three years, several developers have expressed interest in building senior housing, and the Housing Element identifies a need for this special population.
- Central Core Areas outside the Measure F (14 blocks) and Measure A (20 blocks) Areas, projects in the CC-R, CL-R zoning areas and central areas near downtown.

## **ON-GOING PROJECTS**

While not a competition category, set-sides have been made available in past competitions for on-going projects. Eligible on-going projects can receive a new building allotment for up to 15 dwelling units in-lieu of competing for a new allotment. According to City Council policy for an on-going RDCS project, to be eligible to receive an automatic 15-unit building allotment in the next RDCS competition, the earlier phases of an on-going development must be in compliance with the development schedule approved for the project and must have completed a phase or at least pulled 50 percent of the building permits for a phase by September 30. For the next competition that deadline is 9/30/10. An exception is allowed where the delay is due to extended city processing. If RDCS competitions occur annually, a project which has completed all planning entitlements (Zoning, Tentative Map, Development Agreement, Site Review) within one year of receiving allocations may be eligible as an on-going project only for the following year.

In the last competition, the Planning Commission awarded 50 allotments out of the 198 total to five eligible on-going developments. See the attached list of on-going projects for an assessment of which are likely to be eligible and which projects are not expected to be eligible. For the next RDCS competition, two on-going projects are eligible to receive 15 allotments each, for a total of 30 allotments. Three additional projects may be eligible to receive an on-going allotment requiring a total on-going set-aside of 75 units. Given the current backlog of allocations, staff and the Commission recommends the City Council suspend for one year the automatic 15-unit allotment awarded to on-going projects that choose not to participate in the next competition. Should other on-going projects become eligible, the Commission could reserve additional allocations for eligible on-going projects from one or more of the other competition category set-asides. Current eligible on-going projects would have the option to compete for building allocations for FY 12/13 if desired.

## **AFFORDABLE COMPETITION**

In order to address the need to create more housing units affordable to very low, low and median income households, it is recommended that the City continue with its past practice of reserving a portion of the allotments for a separate affordable housing competition. Policy 1(i) of the Housing Element of the General Plan recommends the City reserve a portion of the annual RDCS housing allocations for 100% affordable housing projects. The action statement under that policy recommends the City continue to reserve a minimum of 20 percent of the annual RDCS building allotment for very low, low and median income housing. The recommended set-aside, combined with the multi-family rental set-aside, is approximately 29 percent of the total allotment. The affordable housing reserve would be 30 allotments.

## **MICRO PROJECT COMPETITION**

It is recommended the City reserve 6 allotments for the Micro Project competition. Micro projects are defined as any type of residential development consisting of a maximum of six (6)

dwelling units. A project must also be located on a site that represents the ultimate or finite development potential of the property.

### **MULTI-FAMILY RENTAL COMPETITION**

The City's apartment vacancy rate remains very low, around two percent. No new market rental housing has been built in the community in more than a decade. Given our low apartment vacancy rate there continues to be a market demand for new multi-family rental housing. It is therefore recommended the City reserve **30** building allotments for multi-family rental housing.

### **SMALL PROJECT SET-ASIDE**

Small projects are defined as any type of residential development consisting of a minimum of seven (7) and maximum of fifteen (15) dwelling units. A project must also be located on a site that represents the ultimate or finite development potential of the property. Staff expects applicants for one or more small projects will apply for a building allotment in the next RDCS competition. It is therefore recommended the City reserve **10** allotments for the Small Project competition.

### **SENIOR, CUSTOM LOT AND CENTRAL CORE AREA COMPETITIONS**

Staff recommends new set-asides for senior housing and for Central Core Areas outside the Measure F (14 blocks) and Measure A (20 blocks) Areas. Several developers have expressed interest in building senior housing, and the Housing Element identifies a need for this special population. Staff recommends the City reserve **30** allotments for a Senior Housing Competition. Eligible projects can be any housing type. Occupancy must be limited to persons 55 and older.

Staff and the Commission recommends **20** allotments be reserved for projects located in CC-R and CL-R areas north of Main and South of Dunne Avenue outside the areas under Measure F and Measure A. Eligible projects can be any housing type but would typically be a vertical mixed use development.

### **OPEN/MARKET COMPETITION**

Staff recommends the balance of the 2012-13 building allotment be reserved for projects within the Open/Market Competition.

The following is the recommended distribution for each building allotment category:

Fiscal Year 2012/13

<u>Competition Category</u>	<u>Allotment</u>
On-going Projects	0
Affordable Set-aside	35

Micro Projects	6
Small Projects	10
Multi-Family Rental	30
Open/Market	66
Senior Housing	30
Central Core Area Projects	20
Total	197

### APPLICATION FILING DEADLINES

The RDCS requires the filing deadline to be no later than 21 months preceding the fiscal year during which the allotments must be utilized. The filing deadline for the competition, therefore, is October 1, 2010. This deadline applies to all competitions, including the affordable and micro competitions.

Staff recommends adoption of the attached Resolution incorporating the above recommendations for approval by the City Council.

#### Attachments:

1. Approved Distribution Chart
2. List of On-going Projects and Anticipated Eligibility for "On-going" Award of Allotments
3. Approval Resolution

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**MEMORANDUM**

**To: PLANNING COMMISSION**

**Date: August 10, 2010**

**From: COMMUNITY DEVELOPMENT DEPARTMENT**

**Subject: DISCUSSION REGARDING POTENTIAL CALTRAIN SERVICE  
REDUCTIONS**

**REQUEST**

Discussion regarding potential Caltrain service reduction, including the possible elimination of commuter rail service from Gilroy and Morgan Hill to San Jose.

**RECOMMENDATION**

Motion to recommend the City Council submit comments in support of continuing Caltrain service to Morgan Hill and Gilroy.

**BACKGROUND**

Since 1992, the Peninsula Corridor Joint Powers Board (JPB) has operated the Caltrain commuter rail service from Gilroy and Morgan Hill to the Tamien Station in San Jose. Currently, three trains provide service the a.m. and p.m. during the weekday commute times. More frequent train service, including midday and weekend service is available from San Jose serving the peninsula corridor cities up to San Francisco.

**Proposed Service Reductions**

Caltrain will be holding community meetings and a public hearing to inform the public about proposed changes to service and fares and to receive comments. The following proposals will be considered:

- Suspend all weekend service
- Reduce weekday early morning, midday and/or late evening service

- Suspend service south of Tamien station to Gilroy
- Discontinue staffed ticket offices
- Increase the Full Fare one-way base or zone fares by 25 cents, with corresponding changes to related fare media
- Increase Go Pass price to \$155
- Modify parking fees and regulations
- Revise codified tariff to reflect ClipperSM card implementation; discontinue the Monthly Pass grace period; discontinue the use of 8-ride by more than one passenger per ticket; redefine youth to 17 years old and younger

The changes would go into effect between October 2010 and January 2011.

On Thursday, Aug. 19, a drop-in community meeting will be held at the Gilroy station (7150 Monterey St.) beginning with the first train arriving at 5:30 p.m. and continuing through the last train at 7:47 p.m.

The Caltrain Board of Directors will hold a public hearing regarding the proposed changes Sept. 2 at 10 a.m. at the Caltrain Administrative Office, 1250 San Carlos Ave. in San Carlos. The attached public notice provides background information on the reasons for the needed service reductions.

### **City Policies in Support of Continuing Caltrain Service to Morgan Hill and Gilroy**

A position in support of continuing Caltrain service to Morgan Hill is consistent with the following General Plan policy. Policy 1c in the Circulation Element reads:

"Provide a balanced transportation system which assures access to all, and which integrates all appropriate modes of transportation into an effectively functioning system, including such modes as auto, ridesharing, public rail and bus transit, bicycling and walking."

The Downtown Specific Plan also includes a policy to promote Transit-Oriented Development along Third and Depot Streets to strengthen the relationship between the train station and residential uses. These policies cannot be fully implemented if this important transit component, train service, were no longer available to Morgan Hill and South County. Given the above policies, the Planning Commission may recommend the City Council provide public comment in support of continuing Caltrain service to Morgan Hill and Gilroy. The City Council would consider the Commission's recommendation at their August 25, 2010 meeting.

### Attachment:

Notice on Public Hearing to consider possible fare increase, service reductions.

# Caltrain Sets Public Hearing: Possible Fare Increase, Service Reductions

July 2, 2010

The Caltrain Board of Directors today set a public hearing for Sept. 2 to receive comment on possible fare increases and service reductions.

The service reductions under consideration include elimination of the Gilroy extension service, elimination of weekend service and elimination of some early morning, mid-day and late evening weekday trains.

The proposed fare increases include either a 25-cent increase to the base fare or a 25-cent increase to the zone fare, with corresponding changes to the Day Pass, Monthly Pass and 8-ride Ticket.

Service changes and fare increases, if approved, would take effect in January 2011.

Community meetings will be held in mid-August to give the public additional opportunity to review proposals, ask questions and provide comment. The time and location of the meetings, which will be held in each of the three counties that make up Caltrain's service area, have yet to be determined.

At the June Board meeting, staff presented a preliminary operating budget with a \$12.5 million deficit. Since then, savings from the previous year, decreases in operating costs and an increase in state funds have helped reduce the deficit to \$2.3 million. The budget includes \$650,000 in savings from closing the staffed ticket offices in San Jose and San Francisco in October. Having exhausted all other options, the Board adopted a \$99.9 million operating budget that requires fare increases and service reductions.

The railroad relies on annual contributions from its three partner agencies - the San Francisco Municipal Transportation Agency, the San Mateo County Transit District and the Santa Clara Valley Transportation Authority - for about 39 percent of its operating budget. The elimination of State Transit Assistance funds has forced the three transit agencies to reduce their annual contribution to Caltrain.

Caltrain also continues to experience a decrease in fare revenues, which make up another 40 percent of the operating budget. This is attributed to the ongoing recession and persistent unemployment.

For the past several years, Caltrain has balanced its budget using one-time funding sources that are now depleted. Last fiscal year, the agency was forced to increase parking fees and fares and eliminate eight midday trains which resulted in associated staff reductions. In Fiscal Year 2009, Caltrain reduced its operating costs by \$6 million. The budget for Fiscal Year 2008 included \$3.6 million in savings from the rail operating contract and fuel savings and an \$800,000 increase in fare revenue.

The public hearing will be held at the September Caltrain Board meeting at 10 a.m. at 1250 San Carlos Ave. in San Carlos. The fare increase and services change recommendations will be presented to the board for adoption in October.

In addition the public hearing and the community meetings, comments can be sent by e-mail to [changes@caltrain.com](mailto:changes@caltrain.com); regular mail to Joint Powers Board Secretary, Caltrain, P.O. Box 3006, San Carlos, CA 94070; or telephoned to 1.800.660.4287 (TDD for hearing impaired only 650.508.6448).

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*Caltrain is a commuter rail line operating between San Francisco and San Jose, with commute service to Gilroy. Average weekday ridership on the mix of 90 local, limited and express weekday trains is 38,000. Local, hourly service is provided on Saturdays and Sundays.*

*Caltrain is owned and operated by the Peninsula Corridor Joint Powers Board, a partnership of the San Francisco Municipal Transportation Agency, the San Mateo County Transit District and the Santa Clara Valley Transportation Authority.*

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